

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BOARD OF PATENT APPEALS AND INTERFERENCES**

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| In re patent application of: |) Attorney Docket No.: F-764 |
| |) Customer No.: 00919 |
| Matthew J. Campagna |) |
| |) Examiner: SHEIKH, Asfand M. |
| Serial No.: 10/726,252 |) Group Art Unit: 3627 |
| Filed: December 1, 2003 |) |
| Confirmation # 3555 |) Date: June 30, 2010 |

Title: SYSTEM AND METHOD FOR VENDOR MANAGED SUBSIDIZED
 SUPPLY PIPELINE FOR BUSINESS CONTINUITY

Mail Stop Appeal Brief- Patents
Commissioner for Patents
Alexandria, VA 22313-1450

APPELLANT'S REPLY BRIEF ON APPEAL

Sir:

The Appellant respectfully submits this reply brief pursuant to 37 C.F.R. § 41.41 in reply to the Examiner's Answer filed on April 30, 2010 in the appeal of the subject application. The Notice of Appeal was transmitted July 10, 2009 and Appellant's Brief on Appeal was transmitted September 10, 2009. Accordingly, this brief is timely filed. No fee is believed due. The Commissioner is hereby authorized to charge any additional fees that may be required for this appeal or to make this brief timely or credit any overpayment to Deposit Account No. **16-1885**.

I. Examiner's Answer Section 10, Response to Arguments

Initially, Appellant respectfully submits that the Examiner has not addressed in response each of Appellant's arguments made in Appellant's Brief in section VII.A. For example, the Examiner did not address the argument at the first full paragraph of page 10 of Appellant's Appeal Brief noting the improper use of a "broadest reasonable interpretation" standard to expand the teachings of the prior art. The Examiner did not address the argument at the first full sentence of page 12 of Appellant's Appeal Brief noting the failure of the references to suggest compensation for costs of maintaining inventory or restocking. Appellant respectfully draws attention to those arguments and submit that they establish that the rejections are in error and should be reversed. Moreover, the arguments discussed in section 10 of the Examiner's Answer are addressed below.

On page 8 of the Answer, with regard to claim 1, the Examiner suggests for the first time that "inventory managed" in Lucas '538 can be interpreted to be a form of "emergency business supplies" because "emergency business supplies" would be a subset/form of an inventory. See also Appellant's Appeal Brief at 11. Even with this new interpretation, the obviousness rejection must fail. Assuming for argument that the emergency business supplies are a species of the genus inventory, merely showing a genus in the art does not establish the obviousness of the species in a particular combination. See MPEP 2144.08. The Examiner does not allege, and Appellant does not believe could reasonably allege, that one of skill in the art would have read Lucas '538 to suggest emergency business supplies. Accordingly, the rejection is in error and should be reversed.

On page 9 of the Answer, with regard to claim 1, the Examiner apparently changes course and agrees that the cited reference does not teach "releasing a plurality

of the business supplies for sale, after the plurality of the business supplies have been in the vendor inventory for a period of time expiring when a release condition occurs." See also Appellant's Appeal Brief at 11.

The Examiner then apparently relies on the least rigorous rationale F of the USPTO's KSR guidelines¹ to suggest that this novel feature would have been a predictable variation to one of ordinary skill in the art at the time of the invention by stating:

The examiner notes Lucas teaches that the VMI allows customers to resell products or equipment to other businesses (see at least, col.2, lines 9-11). Further Lucas expands on this teaching by stating that the customer are allowed to resell products, equipment, or excess inventory ... (see at least, col. 4, lines 36-51). Further customers are allowed to author/distribute articles based upon new rules, regulation procedures, and revenue generation prospects, or other information of interest to other customer (see at least, col. 4, lines 36-51). The examiner respectfully asserts that one of ordinary skill in the inventory arts would interpret from the teachings a predictable result of creating a rule based upon selling regulation procedure/revenue generation to resell products/equipment/excess inventory based on a period of time (e.g. release condition to occur). The examiner notes one of skill in the art would base this rationalization on the concept of pushing old inventory out for new inventory (e.g. clothing (spring/summer/fall winter), product refresh (iPhone), etc) as this is known technique/known work in one field of endeavor and therfor would prompt variations for use in the same field which would to predictable result being realized by one of ordinary skill in the art.

(emphasis added).

¹See Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in KSR International Co. v. Teleflex Inc., 72, Fed. Reg. 195, pp. 57526-35 (Oct. 10, 2007) ("Office Guidelines"). Appellants note that the Office Guidelines do not carry the force and effect of law, but may useful to frame the arguments.

The Examiner is apparently relying on Rationale F of the Official Guidelines, which is entitled “F. Known Work in One Field of Endeavor May Prompt Variations of it for Use in Either the Same Field or a Different One Based on Design Incentives or Other Market Forces if The Variations Would Have Been Predictable to One of Ordinary Skill in the Art”. The Office Guidelines state for this rationale that:

“To reject a claim based on this rationale, Office personnel must resolve the Graham factual inquiries. Office personnel must then articulate the following:

(1) a finding that the scope and content of the prior art, whether in the same field of endeavor as that of the applicant's invention or a different field of endeavor, included a similar or analogous device (method, or product);

(2) a finding that there were design incentives or market forces which would have prompted adaptation of the known device (method, or product);

(3) a finding that the differences between the claimed invention and the prior art were encompassed in known variations or in a principle known in the prior art;

(4) a finding that one of ordinary skill in the art, in view of the identified design incentives or other market forces, could have implemented the claimed variation of the prior art, and the claimed variation would have been predictable to one of ordinary skill in the art; and

(5) whatever additional findings based on the Graham factual inquiries may be necessary, in view of the facts of the case under consideration, to explain a conclusion of obviousness..”

Office Guidelines, p. 57533. Importantly and correctly, the Office guidelines stress that “[i]f any of these findings cannot be made, then this rationale cannot be used to support a conclusion that the claim would have been obvious to one of ordinary skill in the art.” Office Guidelines, p. 57533.

The Examiner has failed to establish the above elements including element (4) for that establishes releasing the supplies for sale after the supplies had been in vendor inventory for a period of time expiring when a release condition occurs would have been predictable due to design incentives or other market forces.

On pages 9-10 of the Answer, with regard to claim 1, the Examiner suggests that Mays '233 discloses "guaranteed available inventory for an identified company" stating without citation that Mays '233 discloses that "a supply house/manufacturer can guarantee a given inventory for a specific UPC for a customer."

Mays '233 does not teach the material suggested by the Examiner. The Examiner has again impermissibly expanded the description of the cited reference as shown below in Mays '233, paragraph 0047:

[0047] In the case of UPC coded parts, electronic monitoring of inventory levels of certain parts from certain vendors can be provided. Often a supply house will guarantee to inventory specific items for certain customers. All participating supply houses and manufacturers will, of course, have their inventory entered in the program. When an MIH identifies a supplier as the source of a minimum guaranteed inventory of a certain UPC, the level of inventory of that item held by that supplier appears on the control page as shown on FIG. 3. The level of inventory for each specified part is shown both for that day and for the minimum level held for the past year 36. This assures the MIH that the supply house is now stocking this item at or above the minimum level and has historically been doing so. IOL electronically polls the inventory of all participating suppliers and manufacturers at the end of each business day to maintain the database for this report.

The reference describes stocking particular desired parts and keeping an overall minimum inventory, but does not apparently teach or suggest guaranteeing any particular inventory for a particular customer as suggested by the Examiner. Accordingly, the rejection is in error and should be reversed.

On pages 10-11 of the Examiner's Answer, with regard to claim 3, the Examiner states: the Appellant argues "customer chooses" as a release condition. As noted on page 12 of Appellant's Appeal Brief, the Examiner made the assertion regard "customer

chooses.” However, the cited passage apparently deals only with adding inventory (Lucas ‘538, C10, 46-52). See also, Examiner’s answer at pages 5-6.

Claim 3 recites:

3. The method of claim 2, wherein if the company provides an assertion to the vendor that the release condition has occurred or will have occurred at a specific time, then the vendor will have only a first period of time to object to that assertion, unless the company extends the first period.

The Examiner now apparently admits that the cited reference does not teach the recited elements. Instead, the Examiner apparently again suggests that a novel feature would have been obvious as predictable without satisfying at least the Office Guidelines as described above. The Examiner’s purported rationale does not address the elements of claim 3 recited above. Accordingly, the rejection is in error and should be reversed.

On page 11 of the Examiner’s Answer, with regard to claims 4-5, the Examiner again apparently admits that the cited reference does not meet the claimed limitation and improperly expands the prior art. Accordingly, the rejection is in error and should be reversed.

On pages 11-12 of the Examiner’s Answer, with regard to claims 7 and 15, the Examiner addresses the use of Official Notice for the first time at Final Rejection. However, contrary to the Examiner’s suggestion, the Appellant adequately traversed the statement of Official Notice and requested a reference at page 13 of Appellant’s Appeal Brief. Such traversal is all that is required. See MPEP 2144.03. Accordingly, the rejection is improper and should be reversed.

Conclusion

In Conclusion, Appellant respectfully submits that the final rejection of claims 1-19 is in error for at least the reasons given above and should, therefore, be reversed.

Respectfully submitted on behalf of Appellant,

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